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By: **Delegates Hogan, Bromwell, Cadden, Cardin, Carter, Gilleland, Kach,  
Marriott, McComas, McConkey, McIntosh, Rosenberg, Shank, Sossi,  
Weir, and Weldon**

Introduced and read first time: February 12, 2004  
Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Lead-Safe Housing - Income Tax Credit**

3 FOR the purpose of allowing an individual or a corporation to claim a credit against  
4 the State income tax under certain circumstances for certain costs incurred for  
5 an approved lead hazard reduction project with respect to certain property;  
6 providing for calculation of the credit; disallowing the credit for costs for which  
7 the taxpayer has received a grant or loan under certain State programs;  
8 providing for the carryover of unused credit; providing for submission of  
9 proposals for lead hazard reduction projects to the Department of Housing and  
10 Community Development for approval; limiting the total amount of credits that  
11 the Department may approve for any fiscal year; prohibiting certain false  
12 statements; providing a certain penalty for certain violations; requiring the  
13 Department to adopt certain regulations; defining certain terms; providing for  
14 the application of this Act; and generally relating to a credit against the State  
15 income tax for certain approved lead hazard reduction projects.

16 BY adding to  
17 Article - Tax - General  
18 Section 10-725  
19 Annotated Code of Maryland  
20 (1997 Replacement Volume and 2003 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - Tax - General**

24 10-725.

25 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
26 INDICATED.

1 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF HOUSING AND  
2 COMMUNITY DEVELOPMENT.

3 (3) "EXTERIOR SURFACES" HAS THE MEANING STATED IN § 6-801 OF THE  
4 ENVIRONMENT ARTICLE.

5 (4) "LEAD HAZARD REDUCTION ACTIVITY" HAS THE MEANING STATED IN  
6 ARTICLE 83B, § 2-1402 OF THE CODE.

7 (5) "LEAD-FREE WINDOW" MEANS A WINDOW THAT IS LEAD-FREE OR  
8 THAT WAS INSTALLED AFTER 1978.

9 (6) "QUALIFYING PROPERTY" MEANS A PROPERTY CONSTRUCTED  
10 BEFORE 1978 WITH RESPECT TO WHICH A CREDIT UNDER THIS SECTION HAS NOT  
11 PREVIOUSLY BEEN GRANTED AND THAT IS:

12 (I) AN AFFECTED PROPERTY REGISTERED WITH THE  
13 DEPARTMENT UNDER § 6-811 OF THE ENVIRONMENT ARTICLE THAT:

14 1. HAS AT LEAST TWO BEDROOMS; AND

15 2. NOTWITHSTANDING § 6-817 OF THE ENVIRONMENT  
16 ARTICLE, AT THE TIME OF APPLICATION FOR APPROVAL AND AT THE TIME OF  
17 COMMENCEMENT OF AN APPROVED LEAD HAZARD REDUCTION PROJECT UNDER  
18 THIS SECTION IS IN FULL COMPLIANCE WITH THE REQUIREMENTS OF TITLE 6,  
19 SUBTITLE 8 OF THE ENVIRONMENT ARTICLE, INCLUDING § 6-815 OR § 6-819 OF THE  
20 ENVIRONMENT ARTICLE;

21 (II) A CHILD CARE CENTER AS DEFINED IN § 5-570 OF THE FAMILY  
22 LAW ARTICLE THAT, AT THE TIME OF APPLICATION FOR APPROVAL AND AT THE TIME  
23 OF COMMENCEMENT OF AN APPROVED LEAD HAZARD REDUCTION PROJECT UNDER  
24 THIS SECTION, IS IN FULL COMPLIANCE WITH ALL APPLICABLE LICENSING LAWS  
25 AND HAS MET ALL INSPECTION REQUIREMENTS OF THE SOCIAL SERVICES  
26 ADMINISTRATION OF THE DEPARTMENT OF HUMAN RESOURCES, LOCAL PUBLIC  
27 HEALTH DEPARTMENTS, AND ANY OTHER LEGALLY REQUIRED INSPECTIONS; OR

28 (III) OWNER-OCCUPIED HOUSING THAT HAS AT LEAST TWO  
29 BEDROOMS.

30 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN INDIVIDUAL OR A  
31 CORPORATION MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER  
32 SUBSECTION (C) OF THIS SECTION FOR AN APPROVED LEAD HAZARD REDUCTION  
33 PROJECT FOR QUALIFYING PROPERTY.

34 (C) SUBJECT TO THE LIMITATIONS UNDER SUBSECTION (D) OF THIS SECTION,  
35 THE CREDIT ALLOWED UNDER THIS SECTION IS:

36 (1) FOR RENTAL PROPERTY, 90% OF THE DIRECT COSTS OF AN  
37 APPROVED LEAD HAZARD REDUCTION PROJECT INCURRED WITH RESPECT TO A  
38 RESIDENTIAL RENTAL UNIT;

1 (2) FOR A CHILD CARE CENTER, 70% OF THE DIRECT COSTS OF AN  
2 APPROVED LEAD HAZARD REDUCTION PROJECT; AND

3 (3) FOR OWNER-OCCUPIED PROPERTY, 90% OF THE DIRECT COSTS OF AN  
4 APPROVED LEAD HAZARD REDUCTION PROJECT.

5 (D) (1) FOR ANY TAXABLE YEAR, THE TOTAL CREDIT ALLOWED UNDER THIS  
6 SECTION MAY NOT EXCEED:

7 (I) \$10,000 PER UNIT; OR

8 (II) \$50,000 TOTAL FOR ANY TAXPAYER.

9 (2) THE TOTAL CREDIT ALLOWED UNDER THIS SECTION FOR ANY  
10 APPROVED LEAD REDUCTION PROJECT MAY NOT EXCEED THE MAXIMUM CREDIT  
11 SPECIFIED BY THE DEPARTMENT IN ITS APPROVAL OF THE LEAD HAZARD  
12 REDUCTION PROJECT.

13 (E) THE CREDIT UNDER THIS SECTION IS ALLOWED FOR THE TAXABLE YEAR  
14 IN WHICH AN APPROVED LEAD HAZARD REDUCTION PROJECT IS COMPLETED AND  
15 THE REQUIREMENTS OF SUBSECTION (F) OF THIS SECTION ARE SATISFIED.

16 (F) (1) THE CREDIT UNDER THIS SECTION IS ALLOWED ONLY IF:

17 (I) ALL LEAD HAZARD REDUCTION ACTIVITIES UNDER AN  
18 APPROVED LEAD HAZARD REDUCTION PROJECT ARE PERFORMED IN ACCORDANCE  
19 WITH STANDARDS AND PROCEDURES ESTABLISHED IN REGULATIONS ADOPTED BY  
20 THE DEPARTMENT OF THE ENVIRONMENT UNDER TITLE 6, SUBTITLES 8 AND 10 OF  
21 THE ENVIRONMENT ARTICLE; AND

22 (II) AT COMPLETION OF THE APPROVED LEAD HAZARD REDUCTION  
23 PROJECT:

24 1. THE FULL RISK REDUCTION STANDARD UNDER §  
25 6-815(A)(2) OF THE ENVIRONMENT ARTICLE IS SATISFIED;

26 2. ALL EXTERIOR ENTRYWAYS FOR THE PROPERTY HAVE A  
27 WALK-OFF FLOOR MAT;

28 3. ALL EXTERIOR SURFACES ARE FREE OF CHIPPING,  
29 PEELING, OR FLAKING PAINT;

30 4. ALL WINDOWS, OTHER THAN WINDOWS IN AN  
31 UNFINISHED BASEMENT AREA NOT USED FOR LIVING, SLEEPING, EATING, COOKING,  
32 OR SANITATION, ARE LEAD-FREE WINDOWS; AND

33 5. THE PROPERTY PASSES THE TEST FOR  
34 LEAD-CONTAMINATED DUST UNDER § 6-816 OF THE ENVIRONMENT ARTICLE AND  
35 REGULATIONS ADOPTED BY THE DEPARTMENT OF THE ENVIRONMENT.

1 (2) AN INDEPENDENT INSPECTOR WHO IS ACCREDITED BY THE  
2 DEPARTMENT OF THE ENVIRONMENT AND IS NOT A RELATED PARTY AS DEFINED IN  
3 § 6-801 OF THE ENVIRONMENT ARTICLE SHALL VERIFY THAT THE REQUIREMENTS OF  
4 PARAGRAPH (1) OF THIS SUBSECTION HAVE BEEN SATISFIED AND A  
5 STATE-ACCREDITED LABORATORY SHALL PROCESS THE LEAD-CONTAMINATED  
6 DUST TEST UNDER PARAGRAPH (1)(II)5 OF THIS SUBSECTION.

7 (3) WHEN THE REQUIREMENTS OF THIS SUBSECTION HAVE BEEN  
8 SATISFIED, THE DEPARTMENT OF THE ENVIRONMENT SHALL ISSUE A CERTIFICATE  
9 INDICATING THAT THE TAXPAYER IS ELIGIBLE FOR THE CREDIT UNDER THIS  
10 SECTION.

11 (4) THE CERTIFICATE ISSUED UNDER PARAGRAPH (3) OF THIS  
12 SUBSECTION SHALL BE PROVIDED TO THE COMPTROLLER WITH THE TAXPAYER'S  
13 RETURN FOR THE TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED.

14 (G) THE CREDIT UNDER THIS SECTION MAY NOT BE ALLOWED FOR ANY COSTS  
15 FOR WHICH THE TAXPAYER HAS RECEIVED A GRANT OR LOAN UNDER THE LEAD  
16 HAZARD REDUCTION GRANT AND LOAN PROGRAMS ESTABLISHED UNDER TITLE 2,  
17 SUBTITLE 14 OF ARTICLE 83B OF THE CODE.

18 (H) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE STATE  
19 INCOME TAX FOR THE TAXABLE YEAR, THE TAXPAYER MAY APPLY THE EXCESS AS A  
20 CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL  
21 THE EARLIER OF:

22 (1) THE FULL AMOUNT OF THE EXCESS HAVING BEEN USED; OR

23 (2) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER THE  
24 TAXABLE YEAR IN WHICH THE APPROVED LEAD HAZARD REDUCTION PROJECT WAS  
25 COMPLETED.

26 (I) (1) FOR EACH FISCAL YEAR, A TAXPAYER MAY SUBMIT TO THE  
27 DEPARTMENT FOR APPROVAL A PROPOSAL FOR A LEAD HAZARD REDUCTION  
28 PROJECT QUALIFYING FOR THE TAX CREDITS ALLOWED UNDER THIS SECTION.

29 (2) A PROPOSAL FOR A LEAD HAZARD REDUCTION PROJECT SHALL BE  
30 SUBMITTED IN WRITING BEFORE COMMENCEMENT OF THE PROJECT AND SHALL  
31 INCLUDE:

32 (I) A DESCRIPTION OF THE PROPERTY OR PROPERTIES THAT ARE  
33 THE SUBJECT OF THE PROPOSED LEAD HAZARD REDUCTION PROJECT, INCLUDING  
34 THE CURRENT AND ANTICIPATED USES OF THE PROPERTY;

35 (II) A DESCRIPTION OF ANY LEAD HAZARD REDUCTION ACTIVITIES  
36 OF WHICH THE TAXPAYER IS AWARE THAT HAVE BEEN PERFORMED ON THE  
37 PROPERTY;

38 (III) A DESCRIPTION OF THE LEAD HAZARD REDUCTION ACTIVITIES  
39 THAT WILL BE PERFORMED FOR THE PROPERTY UNDER THE PROJECT;

- 1 (IV) THE ANTICIPATED DIRECT COSTS OF THE PROJECT;
- 2 (V) THE ANTICIPATED DATES FOR COMMENCEMENT AND  
3 COMPLETION OF THE PROJECT; AND
- 4 (VI) ANY OTHER INFORMATION THAT THE DEPARTMENT REQUIRES  
5 BY REGULATION.

6 (3) IN APPROVING OR DISAPPROVING A LEAD HAZARD REDUCTION  
7 PROJECT UNDER THIS SUBTITLE AND IN DETERMINING THE MAXIMUM AMOUNT OF  
8 CREDITS APPROVED FOR EACH APPROVED PROJECT, THE DEPARTMENT SHALL:

- 9 (I) CONSIDER ANY RELEVANT FACTORS; AND
- 10 (II) APPORTION AMONG THE APPROVED PROJECTS THE LIMIT  
11 IMPOSED UNDER SUBSECTION (J) OF THIS SECTION ON THE TOTAL TAX CREDITS  
12 THAT MAY BE APPROVED FOR THE FISCAL YEAR.

13 (4) THE DEPARTMENT SHALL APPROVE OR DISAPPROVE AN  
14 APPLICATION WITHIN 60 DAYS AFTER IT RECEIVES A COMPLETED APPLICATION.

15 (5) EACH APPROVAL:

- 16 (I) SHALL BE IN WRITING; AND
- 17 (II) SHALL SPECIFY THE MAXIMUM TOTAL AMOUNT OF TAX  
18 CREDITS FOR WHICH THE PROJECT IS ELIGIBLE.

19 (6) EACH DISAPPROVAL SHALL STATE IN DETAIL THE REASONS FOR THE  
20 DISAPPROVAL.

21 (J) THE SUM OF THE TAX CREDITS APPROVED FOR ALL LEAD HAZARD  
22 REDUCTION PROJECTS APPROVED FOR EACH FISCAL YEAR MAY NOT EXCEED  
23 \$5,000,000.

24 (K) (1) A PERSON MAY NOT KNOWINGLY MAKE OR CAUSE TO BE MADE ANY  
25 FALSE STATEMENT OR REPORT IN ANY APPLICATION OR OTHER DOCUMENT  
26 REQUIRED TO BE FURNISHED TO THE DEPARTMENT OR THE COMPTROLLER  
27 RELATING TO THE TAX CREDIT ALLOWED UNDER THIS SECTION.

28 (2) ANY PERSON WHO VIOLATES PARAGRAPH (1) OF THIS SUBSECTION IS  
29 GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT  
30 EXCEEDING \$50,000 OR IMPRISONMENT NOT EXCEEDING 2 YEARS OR BOTH.

31 (L) THE DEPARTMENT IN COOPERATION WITH THE COMPTROLLER AND THE  
32 DEPARTMENT OF THE ENVIRONMENT SHALL ADOPT REGULATIONS TO CARRY OUT  
33 THIS SECTION.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 July 1, 2004 and shall be applicable to all taxable years beginning after December 31,  
36 2003.

